

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION****State Capitol, Room 113****Sacramento, CA****Minutes of Meeting****January 8, 2004****COMMISSIONERS PRESENT**

Nancy E. McFadden, Chair  
Thomas Calderon  
Diane M. Griffiths  
Teresa P. Hughes  
Vicki Marti  
Michael R. Yamaki

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Myrna Allen, R.N.  
Enid Barnes  
Theresa Bueno  
Denise DeTrano  
Holland Golec  
Vanessa Guerrero  
Mervin Tamai  
Karen Thalhammer  
Donald Wooten, Ph.D.

**COMMISSIONER ABSENT**

Lynn Schenk

**EX-OFFICIO MEMBERS PRESENT**

Chantele Denny, Department of Finance  
Benjamin Thomas, Department of Health Services

**I. Call to Order**

The open session meeting of the California Medical Assistance Commission (CMAC) on January 8, 2004 was called to order at 9:34 a.m. by Chair Nancy E. McFadden. Ms. McFadden welcomed all back from the holidays. A quorum was present.

**II. Approval of Minutes**

The December 11, 2003 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

The Executive Director, Keith Berger, welcomed everyone back for a new year with the hope that they all had an enjoyable holiday season. Mr. Berger commented that we all have a very interesting and challenging year in front of us, and that he looks forward to working with the Commissioners, the Department of Health Services (DHS), the Legislature and the Administration to maintain access for Medi-Cal beneficiaries to cost-effective hospital and managed care services.

Keith Berger indicated that representatives of Children's Hospital Central California had submitted a request to appear in closed session before the Commission and that the representatives of the hospital were present at this meeting. He recommended that the Commission approve the request to appear in closed session at today's meeting.

Commissioner Calderon moved, Commissioner Hughes seconded and the motion was carried unanimously to approve the appearance of the representatives of Children's Hospital Central California in closed session at this meeting as recommended by the Executive Director.

Mr. Berger presented a recommendation regarding the meeting schedule for the Commission. After having discussions with several Commissioners during the past month he stated he is suggesting that the Commission meetings start at 10:00 am rather than 9:30 am. This time change would allow the out of town Commissioners the option of flying into Sacramento the morning of the meeting or flying in the night before. This new start time should not impinge on the Commission's ability to complete its open and closed session agendas and could result in reduced travel expenses.

Chair McFadden concurred with the Executive Director as did all the Commissioners and the new meeting time was unanimously accepted. CMAC meetings will begin at 10:00 am beginning with the January 22, 2004 meeting.

In concluding his report, the Executive Director commented that the Governor's budget comes out on Friday January 9, 2003, and that CMAC will be working with the Departments of Finance and Health Services to put together an overview and present it to the Commissioners at the next Commission meeting.

Chair McFadden indicated that if any of the Commissioners would like to be briefed on any issue pertaining to the budget before the Commission meeting to call the Executive Director and he will schedule a personal briefing.

### **IV. Medi-Cal Managed Care Activities**

Mr. Berger indicated that this year's budget requires a five percent reduction in payment rates for a number of fee-for-service (FFS) Medi-Cal providers, including physicians,

and that the actuarial equivalent of that reduction also be passed on to the Medi-Cal Managed Care Plans. Mr. Berger reported that the affected FFS provider groups filed a lawsuit and just before Christmas, a federal judge issued a preliminary injunction against the FFS reductions. Mr. Berger stated that the injunction does not affect the Managed Care reductions and that CMAC staff will continue to move forward with the Managed Care amendments and reductions as originally planned.

There continue to be a number of other issues related to the Managed Care plans that CMAC is working on with DHS and the health plans to resolve and in February staff will have a number of additional amendments before the Commissioners for action in closed session.

Marcine Crane, Chief of the COHS, GMC and Other Contracts Section at DHS, provided a brief update on managed care activity. He indicated that currently DHS has 40 managed care contract transactions at various stages. Sixteen of those are CMAC-negotiated contracts and many are complete and pending only review and final approval by the federal centers for Medicare and Medicaid Services (CMS).

Mr. Crane stated that the federal government has placed California and other States under higher compliance standards than in the past. They now require prior approval of all Medi-Cal managed care contracts and amendments prior to implementation. One of the conversations that DHS is having with CMAC is making sure that the new contract processing timeline will work to accommodate these new compliance requirements by CMS.

The Executive Director indicated that CMAC continuing to work with DHS to improve the process and adjust to new CMS role so that contracts flow smoothly and quickly.

Mr. Berger responded to questions from Commissioner Calderon regarding whether there have been any changes in CMAC's relationship with the Department of Finance during these difficult fiscal times at the state. Chantele Denny, representing the Department of Finance, an ex-officio member of the Commission, responded by saying that the relationship has always been a good one.

Mr. Berger concurred that CMAC has always had a good relationship with Finance and that, though it is not going to be easy, he is confident that the Commission will be able to work effectively with the Administration, the Legislature and our contracting partners to find ways to get through the current situation, as was done in the early 1990s when there were large state budget deficits.

Commissioner Calderon expressed appreciation for the response, but emphasized again that there is significant pressure on CMAC to control cost increases in its contract negotiations. He stated that CMAC is serious about carrying out its contracting responsibilities and helping our contracting partners where we can, but that CMAC is also serious about not contributing to the state's structural deficit.

**V. New Business/Public Comments/Adjournment**

There being no further new business and no additional comments from the public, Chair Nancy McFadden then recessed the open session at 9:46 a.m. Chair McFadden opened the closed session at 9:50 a.m. Chair McFadden adjourned the closed session at 10:46 a.m. The Commission reconvened in open session. Chair McFadden announced that the Commission had taken action on managed care contracts and amendments in closed session. There being no further business, Chair McFadden adjourned the open session at 10:46 a.m.